

Message Text

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PAGE 01 STATE 094291

ORIGIN AF-10

INFO OCT-01 ISO-00 AID-05 IGA-02 EB-08 COME-00 TRSE-00

OMB-01 AGRE-00 ABF-01 CIAE-00 DODE-00 PM-04 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 DHA-02 /075 R

DRAFTED BY AF/W:RAMCGUIRE/MPH

APPROVED BY AF:WESCHAUFEE

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FM SECSTATE WASHDC

TO AMEMBASSY ACCRA

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E.O. 11652: N/A

TAGS: EAID, ECON, GH

SUBJECT: COMMISSIONER GARDINER'S MEETING WITH ASSISTANT
SECRETARY SCHAUFEE

REF: ACCRA 2731

1. COMMISSIONER FOR ECONOMIC PLANNING ROBERT GARDINER,
ACCOMPANIED BY AMBASSADOR QUARM AND FRANK PINDER, MET
WITH ASSISTANT SECRETARY SCHAUFEE ON APRIL 25, IMMEDIATELY
FOLLOWING MEETING WITH AID ADMINISTRATOR GILLIGAN.
SUMMARY OF AID MEETING BY SEPTTEL.

2. IN PASSING, GARDINER EXPRESSED HOPE US WOULD DO MORE
FOR AFRICAN DEVELOPMENT BANK AND WOULD TAKE GREATER IN-
TEREST IN INFRASTRUCTURE PROJECTS, SUCH AS ROAD NETWORKS
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PAGE 02 STATE 094291

IN WEST AFRICA AND THE TRANS-AFRICA HIGHWAY. SCHAUFEE
NOTED OUR RELUCTANCE TO APPROPRIATE MONEY FOR AN INSTITU-
TION WE DO NOT BELONG TO, BUT ADDED THAT A BILL FOR MORE
MONEY FOR THE AFDF IS ON THE HILL. GARDINER COMMENTED THAT
THE FUND IS BECOMING MORE IMPORTANT THAN THE BANK, WHICH
WILL BLUNT SOME MEMBERS'DESIRE TO RESTRICT BANK MEMBERSHIP
TO AFRICANS. SCHAUFEE REMINDED GARDINER ABOUT CONGRES-

SIONAL INTENT TO LIMIT INFRASTRUCTURE PROJECTS, AND SAID WE HOPE TO BE MORE FLEXIBLE IN THE FUTURE REGARDING SUCH PROJECTS.

3. GARDINER SAID THAT THE GOG HAS BEEN EXPLORING THE STATE OF THE GHANAIAAN ECONOMY WITH AID, NOTED THAT THE FIVE YEAR PLAN PRESENTS A FRAMEWORK FOR PLANNING, AND MENTIONED THE NEED TO HAVE SOAP AND TEXTILE PLANTS UTILIZE MORE OF THEIR CAPACITY TO MEET DEMAND AND REDUCE UNEMPLOYMENT. GARDINER EMPHASIZED THAT TWO OR THREE GOOD HARVESTS DO NOT MEAN SELF-SUFFICIENCY, AS EVINCED BY THIS YEAR'S POOR CROP. HE STATED THAT GHANA WOULD LIKE TO SEE A PL 480 TITLE I PROGRAM SPREAD OVER TWO TO FOUR YEARS IN ORDER TO PERMIT SMOOTH PLANNING, REDUCE CONFUSION AND WASTE, SUSTAIN THE STANDARD OF LIVING, AND ASSIST POLITICAL STABILITY. HE SAID THAT GHANA WOULD LIKE TO LIFT IMPORT CONTROLS, AND NOTED THAT WAGE AND SALARY INCREASES WITHOUT ADEQUATE SUPPLIES WOULD ONLY FUEL INFLATION.

4. AMBASSADOR SCHAUFLELE CALLED ATTENTION TO GHANA'S SERIOUS INFLATION PROBLEM AND SAID THAT THE PL 480 TITLE I REQUEST WAS MASSIVE BY AFRICAN STANDARDS. HE NOTED THAT SUCH A PROGRAM WOULD SAVE CONSIDERABLE FOREIGN EXCHANGE AND ADDED THAT WE WOULD LIKE TO BE HELPFUL. SCHAUFLELE STRESSED THAT WE ARE INTERESTED IN MEASURES THE GOG WOULD BE WILLING TO TAKE IN CONCERT WITH A PL 480 PROGRAM TO CREATE ECONOMIC STABILITY. HE NOTED THE CURRENT HAPPY SITUATION WITH HIGH COCOA PRICES AND EMPHASIZED THAT GHANAIAAN FISCAL AUSTERITY OR STRICT FISCAL CONTROLS WOULD MAKE IT EASIER FOR US TO IMPLEMENT A TITLE I PROGRAM.
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PAGE 03 STATE 094291

SCHAUFLELE ALSO ALLUDED TO THE MANY REQUIREMENTS NECESSARY FOR A TITLE I PROGRAM, SUCH AS USUAL MARKETING REQUIREMENTS.

5. AMBASSADOR QUARM NOTED THE NEW MOOD IN CONGRESS TO LIMIT AID TO COUNTRIES WHICH ARE QUOTE NOT FREE UNQUOTE, AND ASKED HOW FAR SUCH FEELINGS MIGHT GO. QUARM MENTIONED THAT GHANA HAD TAKEN UMBRAGE WITH THE FREEDOM HOUSE CLASSIFICATION OF GHANA AND HAD EXPRESSED THIS DISPLEASURE TO THE US EMBASSY IN ACCRA. GARDINER ADDED THAT ECONOMIC CONTROLS TO PROMOTE POLITICAL AND ECONOMIC STABILITY COULD BE CONFUSED WITH THE ISSUE OF FREEDOM.

6. SCHAUFLELE SAID THE ADMINISTRATION BELIEVES HUMAN RIGHTS SHOULD BE TAKEN INTO ACCOUNT WHEN AID IS CONSIDERED BY INTERNATIONAL LENDING INSTITUTIONS. IT NOW APPEARS THAT SOME CONGRESSMEN WISH TO LIMIT FLEXIBILITY IN EVALUATING HUMAN RIGHTS AS IT APPLIES TO AID. HE NOTED THAT HUMAN RIGHTS REPORTS NOW APPLY ONLY TO STATES WITH US MILITARY

ASSISTANCE PROGRAMS, AND OPINED THAT THE ADMINISTRATION
WOULD WANT TO FORESTALL ATTEMPTS TO LIMIT ITS FLEXIBILITY
IN DEALING WITH HUMAN RIGHTS ON A CASE BY CASE BASIS. HE
ADDED THAT THERE IS LANGUAGE IN PROPOSED LEGISLATION WHICH

WOULD TAKE INTO ACCOUNT THOSE STATES WHICH SHOW PROGRESS
IN IMPROVING HUMAN RIGHTS DOMESTICALLY. IN CLOSING,
SCHAUFLE MENTIONED OUR WILLINGNESS TO CONTINUE TALKS ON
GHANA'S PL 480 TITLE I REQUEST AND OUR DESIRE TO BE
HELPFUL.

VANCE

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